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## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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1. Energetic efforts are being made by the Soviets to wipe out the USIA deficit before the end of 1954, as USIA is now running at a loss of about 200 million schillings a year. The profits made by the sale of [ ] oil are used only for the payment of Soviet occupation costs and are not available for covering USIA losses.

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2. The recent wave of staff dismissals and closing down of several USIA firms was an attempt to streamline USIA and eliminate unprofitable sections, rather than an indication that the Soviets were prepared to hand back the USIA concern [ ]. In several cases of closing down of USIA firms the key employees have not been dismissed but have been transferred to a pool in the central administrative offices. This applies to about 120 employees, all of whom are trusted Communists.

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3. In addition, the Soviets are pressing USIA to make more efforts to build up business with [ ]. Negotiations are at present being carried on between USIA and commercial representatives of these countries [ ]. USIA has offered machine tools, factory equipment, optical and precision instruments. Negotiations [ ] have resulted in contracts for trial deliveries. [ ] no results have been reported.

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4. The USSR is directly interested in these deals in so far as she will also participate. Thus the final arrangements will be in the nature of three-cornered deals. USIA has however received a guarantee that in the event of large contracts being obtained, the profits will be credited to USIA.

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RE-REVIEW

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